



AUDIT REPORT: CITY OF NEOLA

Audit Report Released. The State Auditor recently released a report on a special investigation of the City of Neola for the period of January 1, 2009, through December 31, 2013. The full report is available online at: <http://auditor.iowa.gov/specials/1421-0738-BE00.pdf>. The investigation was requested because of concerns with certain financial transactions processed by former City Clerk Deb Schierbrock.

Improper and Unsupported Payments – City Account. The investigation identified \$21,449 of improper disbursements from the City bank account, including \$10,392 paid to a contractor for concrete work at the home of Ms. Schierbrock's sister. The investigation also identified \$94,923 in unsupported disbursements, including payments to convenience stores for fuel and to retail stores, as well as reimbursements to Ms. Schierbrock and her husband, the City's Fire Chief.

Improper and Unsupported Payments – Fire Department Account. The investigation also looked at the Neola Volunteer Fire Department accounts and identified \$19,857 of improper disbursements, including payments to Schierbrock's Grocery Store, owned and operated by the family of the City Clerk's husband until it closed in November 2013. The report also noted \$27,367 in unsupported disbursements from the Fire Department account.

Utility Collections. The investigation uncovered several shortcomings and discrepancies in the City's financial recordkeeping. Among those findings, the investigation reported that Ms. Schierbrock failed to bill and collect \$55,937 in utility penalties in accordance with the City's ordinance. Among the accounts that were not properly billed for penalties were her personal residence and Schierbrock's Grocery Store, accounting for \$37,719 of the total identified. Because of inadequate recordkeeping, it was not possible to determine if there were further undeposited collections.

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